



Arizona Health Care Cost Containment System

Quarterly Report

October 1, 2000 - December 31, 2000

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Executive Summary

This Quarterly Report covers the period from October 1, 2000 through December 31, 2000. This quarter's activities noted the continued increase in the AHCCCS Title XIX population. With the passing of Proposition 204 by the Arizona voters, AHCCCS can expect to see the Title XIX population continue to grow.

AHCCCS has enjoyed several successes this quarter including the successful transition of ALTCS members from a one Program Contractor system to a three Program Contractor system in Maricopa County, the recognition of the Council of State Governments for its fraud prevention program and the successful implementation of the Hawaii/Arizona Project.

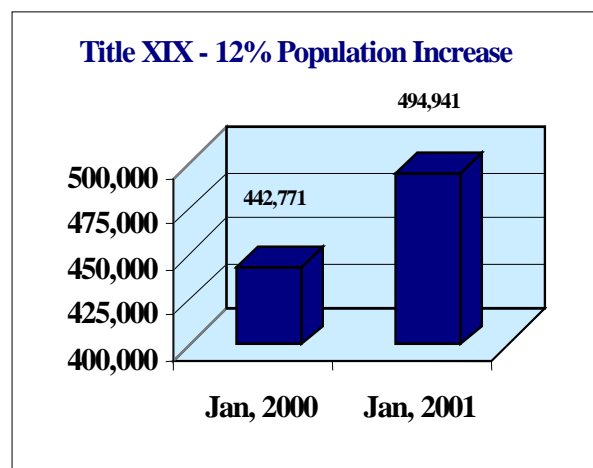
AHCCCS continues to review its processes and interactions with other agencies to promote more efficient access to services by eligible members. This can be evidenced by the Division of Member Services eligibility redesign team and the interagency effort to develop protocols to expedite the eligibility process for individuals being discharged from the Arizona State Hospital.

AHCCCS also continues to partner with our health plans and program contractors through the operational and financial review process to improve services to members and financial viability of our contractors. Through its efforts, AHCCCS was highlighted in the July/August publication of Health Affairs as one of four states that has been recognized as a "prudent purchaser" of Medicaid managed care services.

AHCCCS Population

On January 1, 2001, the AHCCCS Title XIX population totaled 494,941 individuals. This included 464,156 individuals receiving acute care services and 30,785 members receiving ALTCS services.

During calendar year 2000, the AHCCCS Title XIX population realized an approximate growth of 12%, from 442,771 individuals on January 1, 2000 to 494,941 individuals on January 1, 2001. The largest increase was in the 1931 category, in which AHCCCS noted an increase of 37%, an increase of 34,247 members. Another coverage group that saw a substantial increase was the TMA population. This population increased 126%, from 16,993 in January 2000 to 38,366 as January 1, 2001. As previously indicated, these increases are due in part to:



- 1) Medical Assistance only families only have eligibility redetermined every 12 months rather than every 6 months;
- 2) Fewer Food Stamp/MAO families have eligibility redetermined quarterly; now it is every 6 months and DES has expanded office hours to facilitate employed clients to keep office interview appointments; and
- 3) DES is targeting certain discontinuances for review to ensure the family is ineligible or if they should have been transitioned to TMA.

New Developments

Proposition 204 Wins Voter Approval

In November, Arizona voters approved Proposition 204, the Healthy Arizona Initiative, which expands eligibility under AHCCCS to 100% of the federal poverty level (FPL). AHCCCS is preparing a phase-in of the proposition's requirements as soon as possible even through the initiative specified no starting date. It is anticipated that between 137,000 and 185,000 new members will be added to the program by year 2005.

AHCCCS continues its discussions with HCFA in regards to the 100% FPL waiver request which would expand eligibility to allow persons with up to 100% FPL to be eligible for Medicaid.

AHCCCS Customer Eligibility (ACE)

Overview

A DMS eligibility redesign team re-engineered the entire eligibility determination process, defining 27 functional requirements. Some of the new functionality is already being implemented into manual processes, while other requirements will be implemented together with the AHCCCS Customer Eligibility (ACE) system.

The proposed system has the following objectives:

- Easily integrate new eligibility programs as required (such as, 100% FPL, KidsCare, Premium Sharing)
- Integrate new concepts ("No Wrong Door", Universal Application)
- Dramatically improve customer service (substantial reduction in paper, quick entry into services, increased assistance to clients needing verification)
- Streamline the eligibility process to increase productivity, improve the quality of eligibility determinations and reduce the time it takes to determine eligibility (through easier data entry, reduction in manual processes and utilization of knowledge management principles)

Status

Once the system is developed it will be implemented in one office as a six-month pilot, and then rolled out office by office over the next year. The pilot is expected to be operational by October 2002, and the final implementation in March 2004.

AHCCCS Successes

Fraud Prevention Program Receives National Recognition

In December, the Eligibility Fraud Prevention program was honored at the Annual Meeting of the Council of State Governments as one of 8 innovative state programs in the nation for the year 2000.

The Eligibility Fraud Prevention program is a pre-approval investigation process focusing on applications taken at hospital sites in Maricopa County. This program, which began in July 1998, originally targeted the State-only Medically Indigent/Medically Needy and State Emergency Services program applicants as well as Federal Emergency Services (FES) applicants. In July, this program was expanded to include FES applications taken in DES local offices in Maricopa County as well, due to the high incidence of fraud found in this category of Medical benefits over the past 2 years. The investigators assigned to this program conduct a home visit within 24 hours of application to determine whether the household and financial circumstances reported on the application are correct before a decision to approve the case is rendered.

AHCCCS Receives National Leadership Award

In October, AHCCCS proudly reported to the Governor's Office the receipt of the Institutional Leadership in Quality Award from the American College of Medical Quality in recognition of AHCCCS' outstanding contribution to improving health care quality. AHCCCS is the only Medicaid organization in the country to receive this award.

Teams with "Spirit" Bring Home Awards

Not one, but two AHCCCS teams won top honors in the Governor's Spirit of Excellence Awards Program for 2000. The AHCCCS Do It Now Team and the Automated Referral System Team brought home awards for their individual projects aimed at improving the way things work around the agency. The Do It Now Team's objective is to simplify the long term care eligibility process without making any system changes. The Do It Now Team has instituted changes in the application and redetermination process which has streamlined the process for the applicant/member while saving the agency staff time and reduced the number of forms used.

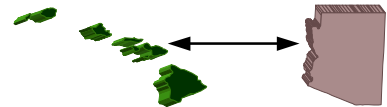
The Automated Referral System Team created an automated system for taking referrals from throughout the agency. The new system greatly reduced the completion time of referrals and has saved the agency in paper and archiving costs.

AHCCCS Recognized as Prudent Purchaser

- An article in the July/August 2000 publication of Health Affairs highlighted the success AHCCCS as had in becoming a “prudent purchaser” in our oversight of Medicaid managed care. The article, “Managing Medicaid Managed Care: Are States Becoming Prudent Purchaser?” notes that states must build new capabilities to monitor and assess health plan performance. States’ role as “hard-nosed purchaser has to be balanced with the traditional responsibility to protect and serve the disadvantaged...and the political pressures brought to bear by stakeholders”.

Arizona was included as a “best practices” state/program. The article noted:

- AHCCCS’ Medicaid financial reporting system, which is completely independent of the state insurance department’s requirements, allows AHCCCS to independently gauge the financial performance of Medicaid contracts.
- AHCCCS has made a significant investment in data quality. To help improve plan reporting, annual audits to monitor the completeness and accuracy of encounter data are performed. Financial sanctions are associated with inadequate reporting and the failure to implement audit recommendations.
- Arizona/AHCCCS was the only state they examined that could claim to have a fully functioning oversight system that meets reasonable standards for prudent purchasing.



Updates

Hawaii/Arizona PMMIS Alliance (HAPA) Project

Hawaii and Arizona have entered into an agreement to implement the AHCCCS Prepaid Medicaid Management Information System (PMMIS) for the State of Hawaii Medicaid program through a joint effort of Hawaii Department of Human Services and AHCCCS. Both states expect to benefit from the enhancements that are required to support Hawaii, and together they will share the ongoing maintenance and operation of the system.

Status

During this past quarter the HAPA system was implemented successfully and the system is currently being utilized for the Hawaii Medicaid program. The project teams in Hawaii and in Arizona worked diligently through the user acceptance test, testing and refining each piece of the system. The readiness review was conducted the first week of November that resulted in a short list of action items; all the critical items were completed by the December ‘go live’ date. Members of the Arizona team were on site in Hawaii during the startup and ready to assist as needed.

Health Insurance Portability Accountability Act (HIPAA)

During the past quarter, AHCCCS contracted with Fox Systems to perform the Gap Analysis tasks. Key components of this phase of the project include addressing both Arizona and Hawaii business and EDI processing as it relates to HIPAA, conducting HIPAA awareness training for Arizona and Hawaii Medicaid staff, and providing a recommended HIPAA implementation approach. Consultants from Fox Systems were on-site at AHCCCS by the third week of November, when the business process and EDI analysis began. Consultants will be on-site in Hawaii beginning the first week of January 2001. The analysis for both states is scheduled for completion by the end of May 2001.

In the HIPAA budget area, an updated Planning APD was submitted to and approved by HCFA in December 2000. Modification was required due to scope changes (primarily the inclusion of Hawaii) for the HIPAA Gap Analysis effort. Also in December, the required Project Investment Justification (PIJ) containing the high-level budget and resource estimates was approved by both the Arizona state Government Information Technology Agency (GITA) and the Information Technology Advisory Committee (ITAC).

Acute Care Program

Member Rights and Responsibilities Reviews

When the results of the CYE 00 Operational and Financial Reviews for acute care health plans were analyzed, it was apparent that the section of the review that had the lowest overall level of performance among the health plans was the section dealing with Member Rights and Responsibilities. Visits were made to each of the health plans to conduct a follow up review on this subject. Areas that had been noted as deficient during the Operational and Financial Reviews were reviewed for improvement at each health plan, and technical assistance was given in any areas where improvements were still necessary.

A second visit was made to those health plans that had not substantially improved their performance between the time of the Operational and Financial Review and the first focused Member Rights and Responsibilities Review. Substantial improvement was noted for all of the health plans requiring a second visit.

Member Survey

In the last quarter of 2000 AHCCCS finalized the processing of the data collected in its acute care member satisfaction survey. The results were quite encouraging, particularly with regard to the overall ratings members gave to their health plan, health care and providers. A public report and health plan specific data books are being developed and should be finalized in the first quarter of 2001.



Health Plan Enrollment Cap Lifted

An enrollment cap on Phoenix Health Plan (PHP) was lifted as of October 1, 2000. The cap was put in place March 1, 2000 to provide PHP the opportunity to resolve financial issues between PHP and their parent company, Phoenix Memorial Health System. Over several months representatives from PHP and AHCCCS discussed and agreed upon a list of conditions which were met, resulting in the lifting of the enrollment cap.

Health Plan Contract Termination Prompts Enrollment Cap

Effective December 1, 2000, AHCCCS capped the enrollment of Arizona Health Concepts (AHC) which serves members in Mohave and LaPaz counties. Arizona Health Concepts will be canceling its contract effective February 1, 2001. Family Health Plan of Northeastern Arizona will be assuming the responsibility for members assigned to the Arizona Health Concepts Health Plan. These members will be offered the opportunity to change health plans during a special open enrollment period held during the month of February. APIPA is the other health plan contracted to provide services in Mohave and LaPaz counties.

ALTCS Program

ALTCS Competitive Bid (Excluding Maricopa County)

During the previous quarter it was reported that a multi-disciplinary team had been formed to develop a request For Proposals (RFP) and evaluation tools for ALTCS contracts in all areas of Arizona except Maricopa County. The team continues its work this quarter. The team also held public meetings to discuss the process during this quarter. The target date for release of the RFP remains February 2, 2001, with awards announced in May 2001.

ALTCS Transition in Maricopa County

In June 2000 AHCCCS awarded contracts to Lifemark Health Plan, Maricopa County Long Term Care Plan, and Mercy Care Plan to serve the Elderly and Physically Disabled members in Maricopa County. AHCCCS staff mailed out enrollment choice packets and called each member, or member representative, to obtain an enrollment choice. Approximately 1000 members, or 8% of currently enrolled members, chose to leave Maricopa County Long Term Care Plan who was the incumbent Program Contractor.

Members transitioned in three phases which occurred at the beginning of October, November, and December. AHCCCS staff continued to meet with the Transition Coordinators of each program contractor to ensure that services to members were uninterrupted during the transition. Meetings were also held with Program Contractor Case Managers to discuss significant clinical and service delivery issues in transitioning members. The transition process was remarkably successful, with no reports of members going without services.

ALTCS Operational and Financial Reviews

During this quarter AHCCCS conducted one ALTCS Operational and Financial Review. The Department of Economic Security Division of Developmental Disabilities (DES/DDD) was reviewed in October. The review revealed numerous repeated deficiencies in the areas of Quality Management and Behavioral Health. As a result of this review AHCCCS issued a Notice To Cure to DES/DDD in December 2000. DES/DDD was required to submit a detailed Corrective Action Plan and a timeline for coming into compliance with AHCCCS requirements. AHCCCS will review these submissions and closely monitor DES/DDD in the next quarter.

Behavioral Health



Operational and Financial Review of ADHS

In October, AHCCCS conducted the first phase of a two-part Operational and Financial Review (OFR) of the Arizona Department of Health Services, Division of Behavioral Health Services. The October portion of the OFR focused on the areas of finance, claims and encounters, contracts and administrative oversight. AHCCCS will conduct the second phase of the OFR in January that will focus on the areas of clinical, quality and utilization management, and grievance and appeals. A report summarizing the findings of the entire OFR will be submitted to HCFA in Spring of 2001.

Establishing Title XIX Eligibility for ASH Patients

AHCCCS has been working with the Arizona State Hospital (ASH) and the Arizona Department of Health Services/Division of Behavioral Health Services (ADHS/DBHS) to develop protocols to expedite Title XIX eligibility for patients that are being placed in the community. Presently, obtaining Title XIX eligibility is occurring during post-hospital discharge which at times creates problems in continuity of care for members who have immediate medical needs other than treatment of a psychiatric disorder (i.e., medications for diabetes or epilepsy). AHCCCS is working with the Social Security Administration, the Department of Economic Security and County eligibility offices to develop a streamlined process that allows eligibility to be established the day the patient is discharged from ASH. Protocols have been developed to assist ASH, the eligibility determination entities and the health plans successfully implement this program with training on the new project to occur in February 2001.

Integration of Care Workgroup

AHCCCS and the Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS) have convened an Integration of Care Workgroup to continue to address ongoing coordination of care issues between the primary medical and behavioral health care systems. The decision to convene the workgroup was based on the success of a Psychotropic Medication program put into place by AHCCCS on October 1, 1999. This program provides

funding to health plans for primary care providers (PCPs) to prescribe medications for select psychiatric disorders, within the scope of their practice, and encourages PCPs to refer members under their care to the RBHAs for counseling and other medically necessary behavioral health services with the expectation that close coordination of care occur. The Integration of Care Workgroup will continue to evaluate the effectiveness of the Psychotropic Medication Initiative. The workgroup will also address broader integration of care issues, including exploring the feasibility of designing a shared database to allow for real time access to member information by PCPs and RBHA psychiatrists and refining confidentiality policies and procedures to clarify the conditions under which clinical information may be shared.